

2007-2008 PERFORMANCE PLAN – Sr. Investment Officer, Real Estate (T. Eliopoulos)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	3 rd Quarter Status
28%	Non-Core Portfolio Performance	Total Non Core portfolio return before fees exceeds NCREIF Total Performance for the fiscal year ending June 30, 2008 (returns lag one quarter, 30% weight).	0 basis points = 0 +100 basis points = 1.0 + 150 basis points = 1.5	-1,402 bps {1.42 - 15.44}
25%	Total Fund Performance	Excess return in basis points relative to total fund performance benchmark (SJIC – CPERSTOT).	-40 basis points = 0 0 basis points = 1.0 +20 basis points =1.5	-74 bps {(-1.94) - (-1.20)}
10%	Total Core Portfolio Performance	Excess returns in basis points of the Total Core Portfolio return before fees versus the Disaggregated NCREIF Total Performance, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	+698 bps {22.42 - 15.44}
5%	Core Industrial Sector Performance	Excess returns in basis points of the Total Core Industrial Portfolio return before fees versus the Disaggregated NCREIF Industrial Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	+562 bps {19.9 - 14.28}
5%	Core Office Sector Performance	Excess returns in basis points of the Total Core Office Portfolio return before fees versus the Disaggregated NCREIF Office Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	+484 bps {25.38 - 20.54}
5%	Core Retail Sector Performance	Excess returns in basis points of the Total Core Retail Portfolio return before fees versus the Disaggregated NCREIF Core Retail Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	+2,912 bps {41.16 - 12.04}
5%	Core Multi-Family Sector Performance	Excess returns in basis points of the Total Core Multi-Family Portfolio return before fees versus the Disaggregated NCREIF Core Multi-Family Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 + 50 basis points = 1.0 +75 basis points = 1.5	+150 bps {12.62 - 11.12}
83%	Subtotal	Quantitative Measures		

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	3 rd Quarter Status
15%	Leadership	<p>Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leaders. Dimensions, all of which will be considered, include:</p> <ul style="list-style-type: none"> • Within Investment Group (e.g., teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition) • Trustees (e.g., written and oral presentations to Investment Committee and Investment Policy Subcommittee) • CalPERS (e.g., involvement in enterprise-wide initiatives and programs) • External Investment Community (e.g., relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees) • Diversity (e.g., promote meaningful diversity among our investment partners and staff) • Succession Plan (e.g., training and developing strong internal candidates to potentially fill my role in the future) 	From Schedule	<p>On 1/3/08-1/4/08 traveled with LePlastrier Development Consulting to Arizona to evaluate the status of RE portfolio assets.</p> <p>On 1/8/08 attended a meeting with CIO R. Read with representatives of the Lawrence Berkeley National Laboratory.</p> <p>On 1/9/08 participated in the Leadership Thinking and Learning Session conducted by the INVO Office.</p> <p>On 1/9/08, met with senior representatives of the Norwegian Ministry of Finance and on 1/14/08 met with representatives from the Norges Bank of Norway to provide an overview of the CalPERS RE portfolio and our recently adopted strategic plan.</p> <p>On 1/18/08 met with A. Rosenfeld for a California State Environmental discussion.</p> <p>Worked with SMSD to develop and conduct a joint Change Management Class (team building event) for REU, PMU, and Fiscal team members on 1/17/08. Attended by nearly 40 staff members at all levels, this class helps the team understand change in workplace and how to turn changes into opportunities for growth.</p>

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	3 rd Quarter Status
	Leadership (cont.)			<p>Attended the January 2008 Off Site Board meeting and presented materials related to the Real Estate portfolio and assisted with the ILAC issues. Continue to work with ILAC team on operational issues related to the asset class.</p> <p>In February and March 2008, prepared materials and presented information to the Investment Committee on the Real Estate Portfolio in open and closed sessions.</p> <p>Successfully developed the Portfolio Characteristics Report and the Leverage Report in the Portfolio Analytics Research and Operations (PARO) team to provide detailed and comprehensive portfolio information for the REU decision makers.</p> <p>Developed and approved the 2008 Core Allocation requests with the senior REU team and provided a training and development environment for new REU team members to learn about the process and about the Core partners.</p> <p>During the quarter, worked with senior staff, legal department, INVO Executive Office on a Responsible Contractor Policy issue and presented issues to Investment Committee in Closed Session.</p>

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	3 rd Quarter Status
	Leadership (cont.)			<p>On 2/1/08, participated in the INVO Forum and recognized the outstanding efforts of the PARO team and support staff in developing, conducting and participating in the 2000</p> <p>Annual Investment Plan Meetings for the Core Partners.</p> <p>Team members participated in the Toigo Foundation CalPERS event, and was successful in identifying and recruiting an intern for 2008 summer.</p> <p>During the quarter, participated in various Strategic Intent Task Force Meetings.</p> <p>During the quarter, participated in various Incentive Compensation Workshops and meetings.</p> <p>During the quarter, briefed new CalPERS Board Members.</p> <p>During the quarter, provided training events for REU team including briefings from PPR and the RREEF research teams.</p> <p>During the quarter, participated in Strategic Planning session with the INVO Office team.</p>

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	3 rd Quarter Status
	Leadership (cont.)			<p>On 3/24-27/08, participated in the PREA Annual Conference in Boston. Elected to serve as PREA Board member for a three-year term.</p> <p>On 3/27/08 - 3/28/08, co-chaired two-day forum by the Harvard Joint Center for Housing Studies on urban real estate investing by pension funds and endowments.</p> <p>Demonstrated REU's commitment to diversity by canvassing a larger candidate pool and identifying networks and affiliations where we can advertise employment opportunities.</p> <p>Demonstrated commitment to the success of new investment staff by developing and implementing a training and development plan.</p> <p>During the 3rd quarter, REU team members with other CalPERS team members awarded an intent to award notice for the selected AREIS vendor/consultant. Contract negotiations and refinements continue through the 3rd quarter.</p>

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	3 rd Quarter Status
	Leadership - Including CalPERS Enterprise wide Objectives:	<u>Enterprise Compliance:</u> By June 30, 2008: <ul style="list-style-type: none"> Identify all policies and regulations for the Investment Office and the tools and monitoring methods used to ensure compliance; Ensure that all appropriate staff have completed ethics training and are knowledgeable regarding policy, rules and regulations affecting their positions; and Perform compliance risk assessment of policies, rules and regulations for the Investment Office. 	From Schedule	Work with REU team members on their responsibilities related to the Personal Trading Policies (ECOM) and ensure all REU staff completed the acknowledgement of receipt of the policy. Work with senior REU managers on their reporting and oversight responsibilities related to the Personal Trading Policies.
2%	Inflation Linked Asset Class – Coordination to Launch the New Asset Program	<u>Inflation Linked Asset Class:</u> <ul style="list-style-type: none"> Team with other asset classes to develop and implement the new asset class; develop and present Infrastructure and Forestland policies and present to Investment Committee and Investment Policy Subcommittee. Assist the ILAC team in identifying resources required for implementation and in securing such resources through the administrative processes. Oversee the portfolio management of Infrastructure and Forestland assets originated in Real Estate prior to their transfer to the ILAC. Work with ILAC team and investment and fiscal operations team members to move and account for assets and assist in the maintenance of investments until permanent staff is secured. Provide consultative services to the ILAC team members on external managers, investment opportunities, and policies affecting Infrastructure and forestland investments. 	From Schedule	During the 3 rd quarter, the REU team continues to assist the ILAC group with Infrastructure Policy development.
17%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		